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TAGS: [PGOV](#) [KCRM](#) [PINR](#) [GT](#)  
SUBJECT: CICIG'S OPENING SALVO IN PORTILLO-ERA EMBEZZLEMENT  
CASE

REF: 2008 GUATEMALA 1268

Classified By: Pol/Econ Counselor Drew Blakeney for reasons 1.4(b,d).

11. (U) On March 26 and the days immediately thereafter, Guatemalan police arrested retired army General Enrique Rios Sosa, active duty Naval Captain Rondolfo Leonel Chacon Alvarez (Commander of the Naval School), army Captain Adolfo Catalan Munoz, retired army Colonel Sergio Cardenas Sagastume, and former army Lieutenant Miguel Angel Salguero Torres on charges of embezzlement and document fraud. Arrest warrants for other officers were also issued. The arrests are part of a broader investigation by CICIG and its dedicated, vetted unit at the Attorney General's Office into the embezzlement of approximately \$60 million from the Ministry of Defense during 2001-2003, during the Portillo Administration. General Rios Sosa, son of former de facto President Efraim Rios Montt, was the Army's Comptroller General at the time. The funds were allegedly laundered by Armando Llornt Quinteno. Prosecutors emphasized that the investigation of former President Alfonso Portillo for the theft of Q120 million is separate and remains ongoing.

12. (C) A CICIG prosecutor told Pol/Econ Counselor that he anticipated the officers would quickly be released to conditional house arrest status. They were, although Rios Sosa spent a night in preventive detention. A trial date has not yet been announced. On March 30, newspaper "Prensa Libre" published the names of 32 former and active military officers (including four former Ministers of Defense and the current Vice Chief of Staff of the Army) who, it alleged, are also under investigation. CICIG Commissioner Castresana told Pol/Econ Couns that arrest warrants were pending for "two or three more officers, not 32." The newspaper article, he said, was misinformation planted by former Chief Homicide Prosecutor Alvaro Matus' collaborators within the Attorney General's office to turn the Army against CICIG. Castresana said he had called political opposition leader General Otto Perez Molina to dispel rumors that Perez was under CICIG investigation. Perez reportedly responded that Castresana and CICIG continue to enjoy his full support and that of his Patriot Party.

13. (SBU) Former de facto President Rios Montt told reporters that he expected his son would cooperate with judicial authorities. However, Rios Montt's FRG congressional bench, together with allies from the PAN and UCN parties, announced they would no longer cooperate with the governing UNE's congressional bench. The statement was in retaliation for the arrest of Rios Sosa.

14. (C) Comment: These military officers were involved in a looting of state resources of breathtaking proportions. Some observers were disappointed that retired General Rios Sosa and the others were not immediately imprisoned, but according to CICIG house arrest is typical for these charges. Rios

Sosa's arrest would have been unthinkable prior to CICIG's installation in the country. This is only the opening move in CICIG and the AG's Office's joint effort to bring to justice those responsible for the massive theft of state funds (mostly via the Ministry of Defense) that occurred under the Portillo Administration. The arrests may prove a setback for Alfonso Portillo, who is trying to stage a political comeback following his October 2008 return from Mexico to face embezzlement charges (a corrupt judge immediately released him on bail, reftel).  
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McFarland